

**Add Section 55041.1 to the Revenue and Taxation Code to require annual feepayers under programs administered pursuant to the Fee Collection Procedures Law to file a closing return when they close or sell their business.**

**Source: Environmental Fees Division**

**Existing Law**

Under current law, there is no requirement for feepayers that file annual returns under the California Tire Fee program to file closing returns and pay the fees that are due to the Board at the time that they cease to engage in business in this state by reason of discontinuance, sale, or transfer their businesses.

Such feepayers, especially those that close out their business operations in the second or third quarter of the calendar year, may not timely file their returns and pay the fees due by the annual statutory due date because they are no longer engaged in business. For example, if a feepayer closed its business operations on May 16, 2008, it would not be required to file an annual return and pay the fees due to the Board until the annual statutory due date of January 15, 2009.

Failure of these feepayers to timely file their annual returns often results in a delinquency and becomes a collection action that involves expenditure of additional Board resources to recover the unreported fees and additional interest and penalty.

**This Proposal**

This proposal would establish a requirement that every person who is required to file an annual return under the law file a closing return and pay any fees due to the Board upon the discontinuance, sale, or transfer of his or her business during the calendar year. This proposed language is similar to existing language in other tax and fee programs administered by the Board.

Under this proposal, a feepayer that reports and pays the tire fee on an annual basis would be required to file a closing return and pay any fees that are due to the Board at the time it ceases to engage in business during the calendar year. The feepayer would be required to close out its tire fee account at the same time it closes its sales and use tax permit with the Board, which would make it more convenient for the feepayer, more reliable for any successor, and more efficient for the Board. As a result, the Board would be able to collect and deposit fees due earlier during the calendar year, rather than after the year has ended, and reduce expenses for recovering and collecting delinquent fees from feepayers that fail to timely file their annual returns.

The proposed language would also allow the Board to work with feepayers in other programs administered under the Fee Collection Procedures Law to change their reporting basis, as needed, to provide more efficient and improved customer service.

*Section 55041.1 of the Revenue and Taxation Code is added to read:*

55041.1. The board may require the payment of the amount due and the filing of returns for periods other than the period or periods set forth in the tax and fee laws administered under this part.